

Willamette Governance Group Update

Willamette River Water Coalition Meeting
August 3, 2016

WGG Update to WRWC Presentation Overview

- WGG Progress Update
- Intake Capacity Allocation & Buy-In
 - Approach
 - Capacity & Cost Allocations
 - Schedule
- Scope & Number of WGG Agreements
 - Options for scope and number of agreements
 - What happens with the WRWC water right

WGG Progress Update

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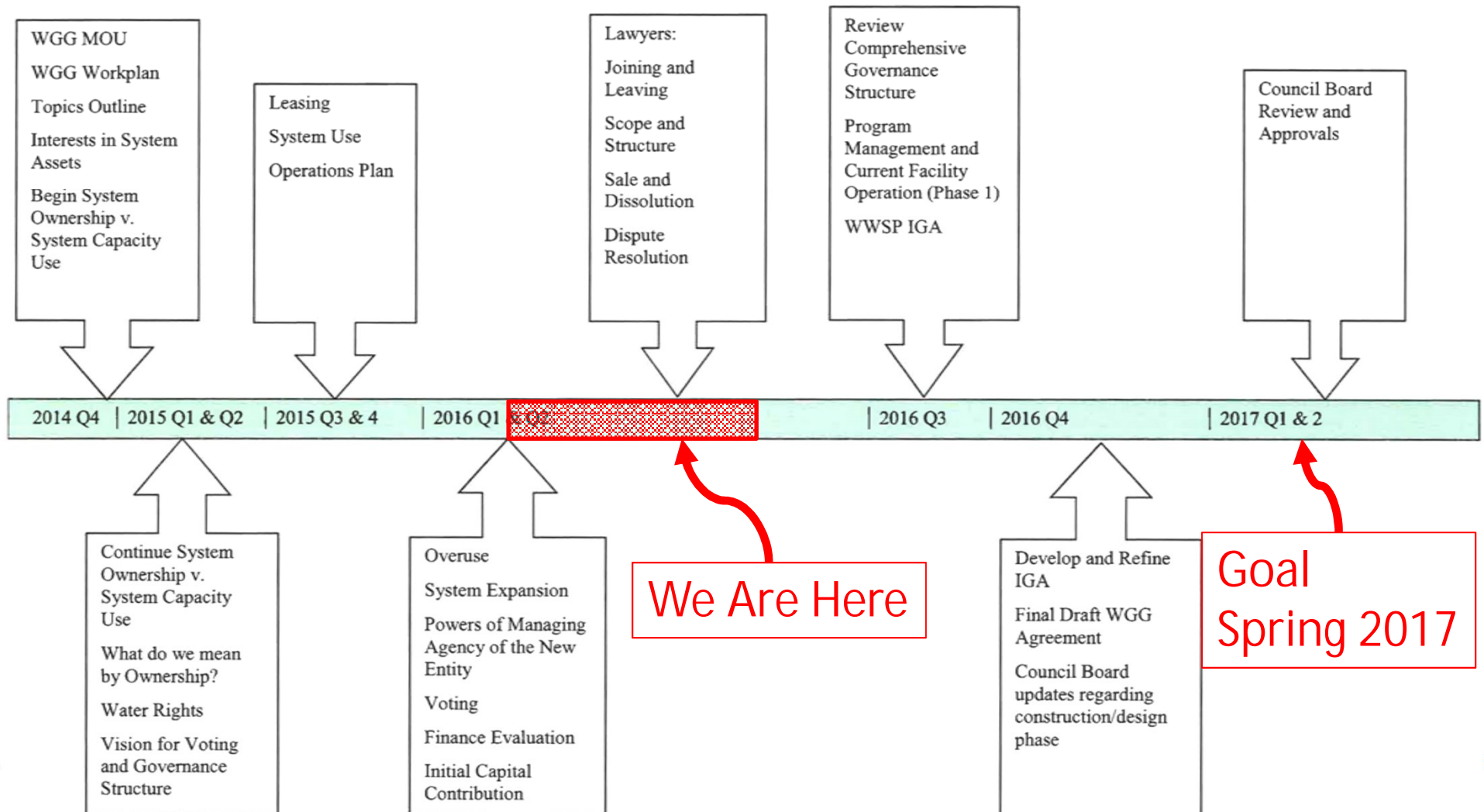
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WGG Work Plan

Willamette Governance Group Proposed Topics Timeline (Updated 3-10-16)



WGG Has Made Significant Progress

■ Topics with Agreements in Principle (AIPs)

- IGA & Governing Body
- Managing Agency
- Committees
- Ownership
- Groups of Assets
- Ownership Interests
- Water Rights
- Emergencies
- Planning
- Expansion
- Operations
- Leasing
- Overuse & Remedies
- Sale of Water
- Dispute Resolution
- Sale of Interests
- Dissolution
- Default & Remedies
- Addition of Members

Important Work is Underway

- Topics currently 'on the table'
 - Intake Capacity Ownership
 - Scope and Number of Agreements
 - Voting
 - Financial Evaluation
- Topics yet to come
 - Comprehensive Review
 - Program Management Integration
 - Facility Operations
- Still on track for draft agreement by Spring 2017

Questions & Discussion

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Intake Capacity Allocation & Buy-In

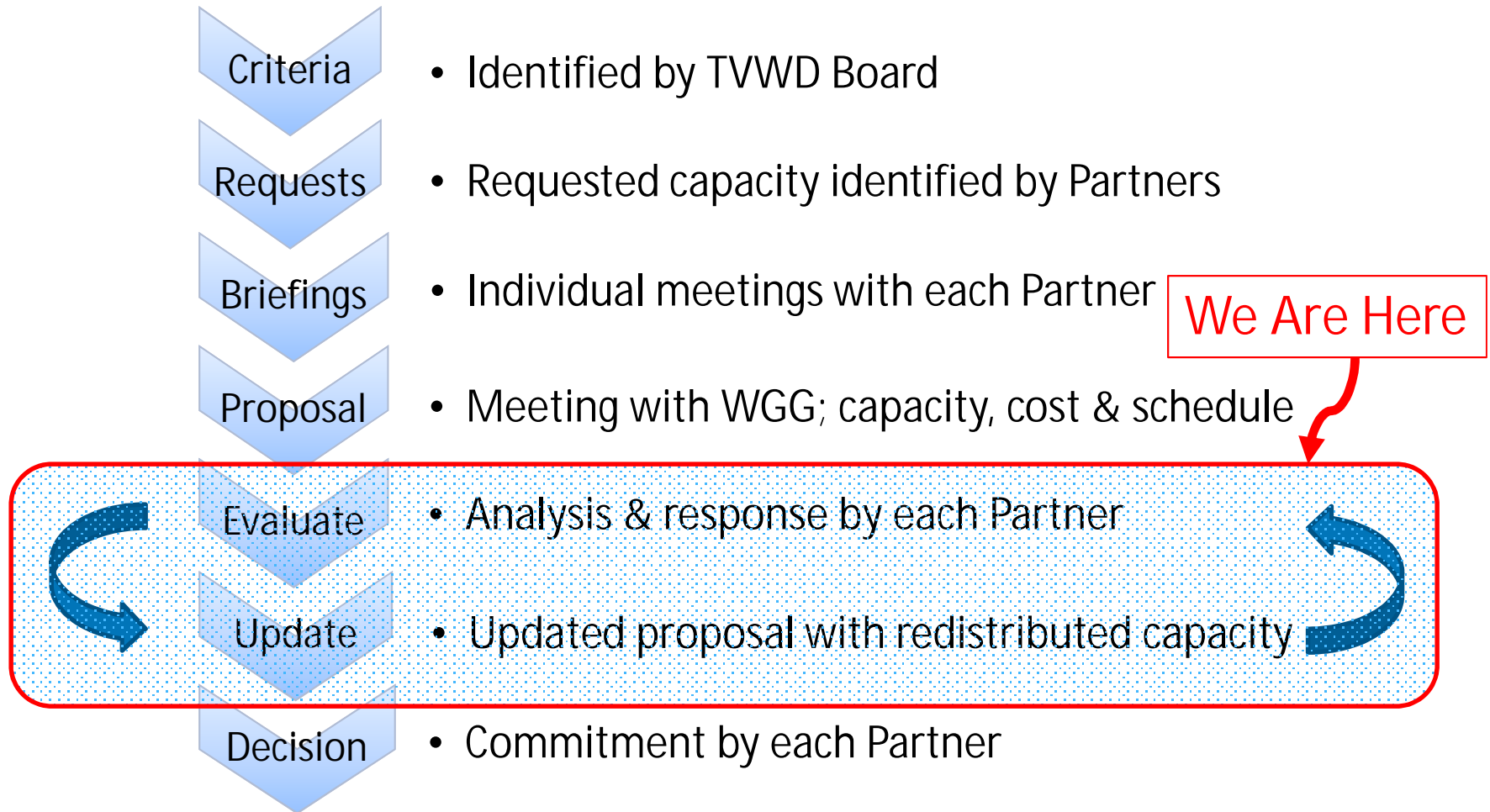
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Willamette Intake Capacity & Cost Allocation Process

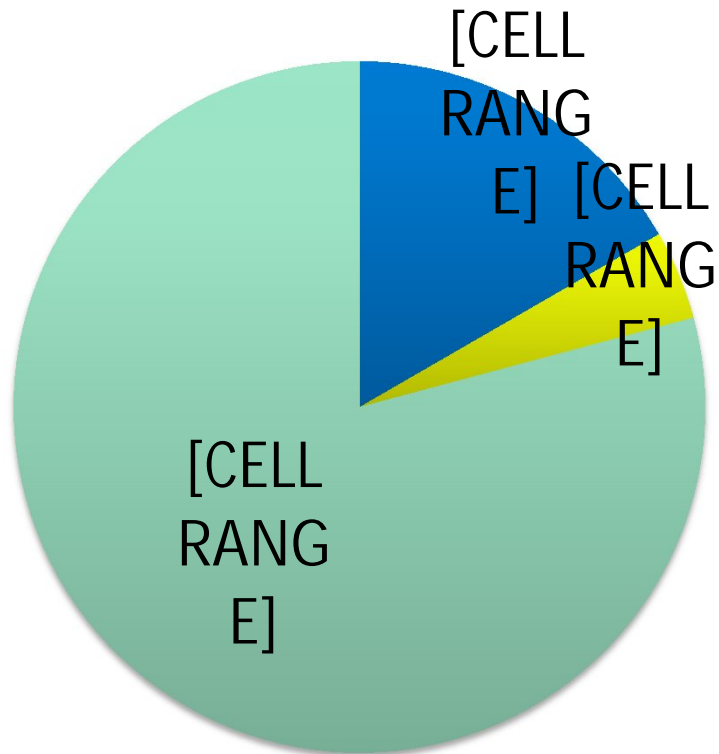


Intake Capacity Allocation Criteria

1. TVWD capacity to meet 100% of TVWD demand projections
2. Existing owners derive benefit of upscale capacity (120→ 140 MGD)
 - a. Proportionate funding of permitting & screen replacement
3. Remaining available capacity distributed based on:
 - a. Initial offer to purchasers based on shared shortfall of 2066 demands
 - b. Purchaser must be willing to make commitment to participate by 12/31/16
 - c. Commitment to buy into intake system; not component(s)
4. Uncommitted capacity made available for redistribution
5. Must make initial payment for TVWD capacity by 12/30/17
6. Must make full payment to WWSP for permitting & upgrades as expenses incurred; work completed by ~ 6/30/21

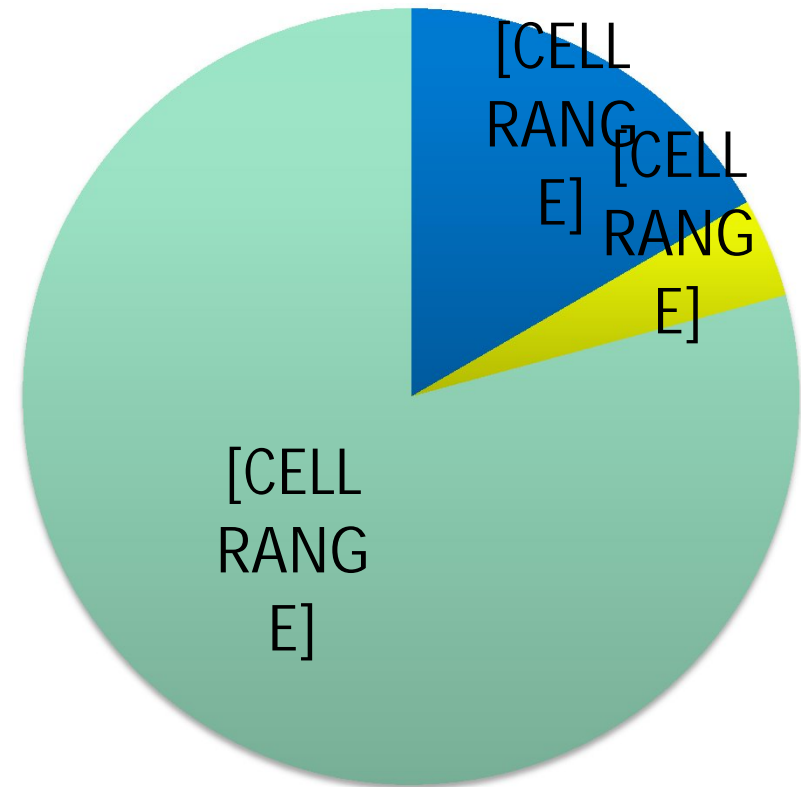
Intake System Capacity

Existing 120 MGD Capacity



■ Wilsonville ■ Sherwood ■ TVWD

Expanded 140 MGD Capacity



■ Wilsonville ■ Sherwood ■ TVWD

Intake Capacity Allocation – Initial Proposal

Assumes 140 MGD Total Capacity

Organization	Willamette Max Day Demand 2066 (MGD)	Proposed Intake Capacity Allocation (MGD)	Resulting Ownership (%)
Wilsonville	30 ①	23.3	17%
TVWD	56.5	56.5	40%
Sherwood	10.75	9.1	7%
Tigard	15	12.8	9%
Tualatin	4 ②	3.4	2%
Hillsboro	36.2	30.8	22%
Beaverton	5	4.3	3%
Total	157.45	140.1	100%

① - 2100 demand projection

② - TVWD Guestimate for planning – Tualatin's estimate is "??"

Intake System Elements & Improvements

Assumes 140 MGD Total Capacity

1. Buy-in to TVWD Ownership: compensation to TVWD for purchase of available capacity in existing intake
2. Permitting: approval for improvements and operation at 140 MGD
3. Screen Replacement: replace existing screens for 140 MGD
4. Seismic Improvements: seismic upgrades to existing intake to limit damage to intake from lateral spread
5. Pump Station Upgrades: improvements associated with raw water pumping to new WTP
6. Standby Power & Surge: new standby power and surge improvements associated with raw water pumping to new WTP

Updated Cost Estimates for Intake System Elements

Element	July Updated Cost (million \$)
TVWD Ownership ①	\$7.1
Permitting ②	\$3.4
Screen Replacement	\$1.1
Seismic Upgrades ③	\$15
Pump Station Upgrades ④	\$37
Surge Protection and Standby Power ④	\$20
Totals	\$83.6

Notes & Assumptions:

- ① Based on original cost less depreciation plus interest
- ② Includes flow mitigation costs
- ③ For improvements to intake only – no improvements to existing WTP
- ④ Includes site stabilization next to intake to protect new slope and accommodate existing operations during construction

Intake Cost Allocation – Updated Proposal

Assumes 140 MGD Total Capacity

Organization	Capacity (MGD)	Element					
		TVWD Buy-in	Permitting	Screens	Seismic	Pump Station	Power & Surge
Wilsonville	23.3		✓	✓	①	③	③
TVWD	56.5		✓	✓	✓	✓	✓
Sherwood-Exist	5.8		✓	✓	✓①	③	③
Sherwood-New	3.3	✓	✓	✓	✓	③	③
Tigard	12.8	✓	✓	✓	✓	✓	✓
Tualatin	3.4 ②	✓	✓	✓	✓	✓	✓
Hillsboro	30.8	✓	✓	✓	✓	✓	✓
Beaverton	4.3	✓	✓	✓	✓	✓	✓

① - Excludes payment of Wilsonville's share of seismic cost

② - TVWD Guestimate for planning – Tualatin's estimate is "??"

③ - Assumes no benefits to WV & Shrwd – subject to review & update

Intake Capacity & Cost Allocation Decision & Funding Schedule

1. Initial proposal: June 30, 2016
2. Partner questions, comments & concerns to TVWD: July 14, 2016
3. Updated costs and allocation by Partner: July 28, 2016
4. Updated requests from each Partner: August 25, 2016
5. Redistribution of capacity shares: September 29, 2016
6. Final allocation and cost shares: October 27, 2016
7. Commitment by each Partner (IGA): December 31, 2016
8. Full payment to TVWD for buy-in: December 31, 2017
9. Payment to WWSP for permitting & improvements: as costs are incurred - anticipate work complete by ~ June 30, 2021

Next Steps



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Scope & Number of WGG Agreements

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Options for Scope & Number of Agreements

Option 1 – Umbrella Agreement



- One agreement between all seven partners (TVWD, Tigard, Tualatin, Sherwood, Hillsboro, Beaverton & Wilsonville)
- Includes intake, existing WTP, new WTP, supply transmission pipelines & terminal storage (not local distribution)
- Sets policy, manages finances, governs operations and maintenance of total supply system
- WRWC water right merged into new organization for benefit of TVWD, Tigard, Tualatin & Sherwood

Options for Scope & Number of Agreements

Option 2 – Intake & WRWC



- Two agreements
 - Intake between all seven partners
 - WRWC with all seven partner for existing WTP, new WTP, supply transmission pipelines & terminal storage (not local distribution)
- WRWC water right merged into new organization for benefit of TVWD, Tigard, Tualatin & Sherwood

Options for Scope & Number of Agreements

Option 3 – Intake, WRWTP & WRWC



- Three agreements:
 - Intake between all seven partners
 - Existing WRWTP (TVWD, Sherwood, Wilsonville)
 - New WRWC WTP (TVWD, Tigard, Tualatin, Hillsboro & Beaverton) – includes supply pipelines & terminal storage and WRWC water right
- WRWC water right?

Options for Scope & Number of Agreements

Option 4 – Intake, WRWTP, WWSP & WRWC



- Four agreements:
 - Intake between all seven partners
 - Existing WRWTP (TVWD, Sherwood, Wilsonville)
 - New WWSP WTP (TVWD, Tigard, Tualatin, Hillsboro & Beaverton) – includes supply pipelines & terminal storage
 - WRWC Water Right (TVWD, Tigard, Tualatin & Sherwood) – includes only existing WRWC water right

Options for Scope & Number of Agreements

				
Option Number	1	2	3	4
Number of Agreements	1	2	3	4
WRWC Water Right	Yes or No	Yes or No	Yes or No	Yes or No

Options for Scope & Number of Agreements

- Key Questions -

1. Does WRWC have preference for number of WGG agreements?
2. Does WRWC have preference for how the existing WRWC water right is integrated into the WGG agreements?
3. Should the WRWC pursue option per original WRWC agreement to disburse existing WRWC water right to existing partners?

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